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Message Text

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PAGE 01 LIMA 01847 052301Z

15
ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 ISO-00 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /095 W
---------- 035864
R 052220Z MAR 75
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 4186
INFO AMEMBASSY LONDON
AMEMBASSY KINSHASA
AMCONSUL LUBUMBASHI
AMEMBASSY LUSAKA
AMEMBASSY OTTAWA
AMEMBASSY SANTIAGO
AMEMBASSY PARIS

C O N F I D E N T I A L LIMA 1847

E.O. 11652: GDS
TAGS: EMIN, XS, PE
SUBJECT: CIPEC MEETING IN LUBUMBASHI - PERUVIAN VIEWS OF
CIPEC SALES POLICY

REFS: KINSHASA 1664, PARIS 5111

1. PERUVIAN VICE MINISTER OF ENERGY AND MINES STATED TO EMBASSY OFFICERS ON MARCH 4 THAT CURRENT LUBUMBASHI CIPEC MEETING IS MERELY TECHNICAL-LEVEL DISCUSSION PRIOR TO CIPEC BOARD MEETING, AND THAT ESTABLISHMENT OF BUFFER STOCK SCHEME IS COMPLETELY UNREALISTIC AT THIS TIME.

2. HE ALSO CONFIRMED THAT PERU IS PRESENTLY ABIDING BY 15 PERCENT SALES REDUCTION POLICY OF CIPEC, NOTING THAT NUMBEROUS SMALL PERUVIAN COPPER MINES HAD BEEN CLOSED DURING LAST YEAR BECAUSE OF LOW COPPER'
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PRICES WHICH MAKE THEM UNECONOMIC. THESE CLOSINGS

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WILL ALLOW PERU TO MEET 15 PERCENT REDUCTION WITHOUT AFFECTING OUTPUT OF MAJOR PRODUCERS SUCH AS SOUTHERN PERU COPPER CORPORATION.

3. COMMENT: PERUVIAN OFFICIAL, A HIGHLY COMPETENT PROFESSIONAL, AND HIGHEST RANKING CIVIL SERVANT IN MINING FIELD IN PERU, EXPRESSED CONSIDERABLE SKEPTICISM ABOUT THE ABILITY OF CIPEC TO EVENTUALLY CONTROL COPPER MARKET, NOTING THAT IT DOES NOT POSSESS OLIGOPOLISTIC POWERS OF OPEC. THIS REASONING RUNS COUNTER TO THE STANDARD GOP POLITICAL LINE THAT PRODUCER CARTELS ARE THE WAVE OF THE FUTURE FOR LDCS WHICH POSSESS RAW MATERIALS AND UNDOUBTEDLY REFLECTS KNOWLEDGE OF COMPLEXITIES INVOLVED IN SUCCESSFULLY OPERATING A CARTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Copy: SINGLE
Draft Date: 05 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Reference: 75 KINSHASA 1664, 75 PARIS 5111
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